

CARBEC MINES LIMITED

*(No Personal Liability)*

SUITE 1200

1255 UNIVERSITY STREET

MONTREAL 2, P.Q.

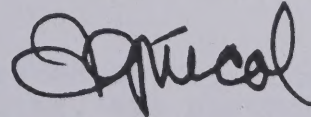
March 3, 1967.

To the Shareholders:

The attached report covering the activities of Carbec Mines Limited in the Republic of Zambia has been specially prepared to fully inform the shareholders of progress to date and future plans.

Results received from the property and all other pertinent information will be conveyed to shareholders in future reports.

Yours sincerely,



L.G. Nicol,  
President.





**CARBEC MINES LIMITED***(No Personal Liability)*

SUITE 1200

1255 UNIVERSITY STREET

MONTREAL 2, P.Q.

To the Shareholders:

March 3, 1967.

PROGRESS REPORT

The company is moving swiftly ahead with its plans to explore and develop a property held under option by Mkushi Copper Mines Limited in the Republic of Zambia. Carbec Mines owns 50% of the outstanding shares of Mkushi and under a management contract is the operator of the property.

This development stems from a series of negotiations initiated by the new management of Carbec which acquired effective control of the company approximately one year ago.

EARLY HISTORY

The company was originally formed June 6, 1945 under the name "Alta Mines Limited". The name was changed to Carbec Mines Limited May 12, 1959.

The authorized capital on incorporation was 3,000,000 shares with a par value of \$1.00 each. Up to May 29, 1959 a total of 1,430,000 shares had been issued for cash and 1,000,000 shares had been issued to the original vendors of properties. The 1,000,000 vendor shares are held in escrow by the Eastern & Chartered Trust Company.

RECENT HISTORY

Early in 1966 the present management, headed by Mr. Loney G. Nicol, gained effective control. Mr. Nicol, has purchased 954,500 shares of the escrowed stock, and by obtaining the support of other large shareholders, could materially influence the election of directors.

The present Board of Directors and Officers consist of:

Loney G. Nicol	Economist	Chairman of the Board President and Director
Roger Saykaly	Industrialist	Vice-President and Director
Paul Langlais	Industrialist	Vice-President and Director
Gerald F. Wood	Cost Accountant	Secretary-Treasurer
George Maniatis	Businessman	Director
George A. Bey	Advocate	Director





One of the initial moves of the new management was to acquire two groups of claims in the Province of Quebec. These properties consist of some 400 acres in Senneterre Township in the County of Abitibi East, and 800 acres in Freville Township, Pontiac County.

Preliminary exploration on these holdings has indicated five anomalies. Carbec proposes, at some future date, to undertake further exploration on these grounds.

During the summer of 1966 the Carbec management commenced negotiations to obtain an interest in a known copper deposit in Zambia which held the potential of being developed into a profitable mine.

Anticipating the need for exploration capital the Management sought and obtained shareholder approval for an increase in the authorized capital from 3,000,000 to 5,000,000 shares at the Annual Shareholders Meeting in April, 1966, which has been effected through Supplementary Letters Patent as of February 14, 1967.

In June 1966 an underwriting of 400,000 shares was completed. These shares were underwritten by Saybec Investment Corporation at 17½¢ a share. Saybec also received an option on 150,000 shares at 22½¢ a share. This option was subsequently exercised. Net proceeds from the underwriting and option amounted to \$103,750 which was placed in the Carbec treasury.

#### ZAMBIA

Carbec, for a cash payment of \$75,000., owns 50% of the outstanding and authorized shares of Mkushi Copper Mines Limited which is a mining company incorporated under the laws of the Republic of Zambia. Additional monies will be advanced by Carbec as a loan to Mkushi. Carbec also has an agreement with Mkushi whereby it will provide management and technical assistance in the exploration, development and bringing into production of the Mkushi properties.

The properties are under option to purchase from Falcon Mines Limited, a British mining company with numerous interests in Africa.

The agreement, dated September 6, 1966, permits Mkushi or its agents to freely explore the properties for a period of eighteen months. If the option is to be exercised the terms are: an immediate payment of \$150,000; two further payments of \$75,000 each, due 12 and 24 months after the date on which the option is exercised; and payment of interest at 6% per annum on any unpaid balance of the full \$300,000 purchase price.

The mining locations (claims) provide an eleven mile linear structure in which the Mtuga, Katunga, Kolokwo and Munshiwemba sections are known to have copper mineralization. (See attached map.)





A study of past exploration, development and production records indicates some 100,000 tons of mineralization in place and partly developed at the Munshiwemba workings. The average grade is reportedly in the vicinity of 4% copper. This tonnage is partly indicated by old workings and a few diamond drill holes along a strike of some 700 feet and to a depth of 175 feet.

In order to protect any possible extension of the mineralization beyond the boundaries of the claims, the management of Carbec, on behalf of Mkushi, negotiated with Anglo-American Corporation (C.A.) Limited for the right to prospect an 83 square mile triangular shaped area surrounding the claims. This agreement was reached in September, 1966.

The agreement between Mkushi and Anglo-American provides that Mkushi may prospect the surrounding ground in any manner whatsoever. If a workable deposit is found, Anglo-American may elect to relinquish all rights to the discovery or participate as follows: that a new company be formed to develop the property and this new company will reimburse both Anglo-American and Mkushi for all exploration expenditures on the property; and that Anglo-American will be allowed to invest in up to 25% of the initial capitalization of the new company.

With the Falcon claims adequately protected by surrounding ground, Carbec moved quickly to commence exploration.

Dr. Peter R. Eakins was engaged, in August 1966, as consulting geologist and flown to Zambia to conduct an initial survey of the situation and to make recommendations for exploration.

At approximately the same time, Mr. R.W. Howe, B.Sc., Eng., was engaged as consulting mining engineer. Mr. Howe spent three months in Zambia. During this period about one month was spent on the prerequisite legal, business arrangements and necessary estimates. Another month was used in negotiations and the search for equipment, and the final month in the commencement of the exploration programme.

Dr. Eakins visited Zambia again in December 1966 and both Dr. Eakins and Mr. Howe returned to Canada in January of this year.

Mr. Ralph Hutchison of Toronto, Ontario has been retained as consulting geophysicist. Mr. Hutchison prepared the IP Survey and has followed its results closely.

#### EXPLORATION AND DEVELOPMENT

From his first investigation of the property and visit to Zambia, Dr. Eakins recommended that all work be concentrated in the Munshiwemba section and the immediately surrounding area. The initial programme was designed to recondition the old workings in order to better appraise the tonnage and grade of the known mineralization and also, to conduct a search for other mineralized zones in the area. These recommendations were accepted by Carbec management and work started immediately.





The results of this early work which commenced in September, 1966 have led to the planned programme which is currently underway. This programme and the progress so far, are detailed in the combined report of Dr. Eakins and Mr. Howe, which was compiled on their return from Zambia in January. The programme is divided into four phases and the basic outline of each is outlined below:

#### PHASE I

Objectives: To assess the known mineral deposits in the Munshiwemba section, which are designed E, X, Y and Z, and to provide survey, geological and sampling control. A further objective was to explore for other copper mineralized bodies in the property surrounding the Munshiwemba workings.

Programme: Reconditioning of Shafts 2, 4 and 5, dewatering of underground workings and surveying, washing the walls, sampling and mapping geologically and topographical mapping. The exploration objectives were to be met through an I.P. survey and follow-up diamond drilling as required.

Progress: Work is proceeding on schedule and Phase I is due to be completed in April, 1956. On the property a 25 x 45 foot steel frame metal sheeted warehouse-power plant with a concrete floor has been erected. The diesel-electric power plant is installed. The electrical distribution panels and cables are connected. A 2500-gallon diesel fuel tank is in place. A 2000-foot pipeline and cable has been laid to the river where an electric pump has been installed. A 2500-gallon water tank has been made and installed. Practically all the necessary equipment and materials are on the property. These include two hoists, two 30-foot temporary steel headframes. The foundations for the hoists are ready. The timber for No. 5 shaft and the requisite supplies and equipment for cementing the collars of the shafts are on the property. The collar of No. 5 shaft is prepared and the retimbering is progressing.

A diamond drill programme for systematically intersecting the top of E copper mineral zone was started. One hole was drilled. The core was mineralized from 54 to 70 feet and 108 to 150 feet which assayed 4.17 percent and 1.67 percent copper respectively. The purpose of this drilling programme was to establish that the known mineralization on the 130-foot level extends to or near to the surface.

A topographical map was made of the area of the shafts, the underground workings and the new anomalies.





A mining organization was established. The Mine Manager was appointed and registered with the Government Mining Engineer's Office. The Mine Manager has the confidence of the men and the officers of the Government Mining Engineer's Office. He knows local conditions and men who have worked for him before have been applying for work.

The IP Survey has defined two strong new anomalies. These anomalies are in nearby ground which is currently being tested. As the exploration of these anomalies is Phase II-A of the overall programme, details and results will be found in that section of this report.

The IP survey also confirmed the E, X Y and Z zones as an anomaly.

Work Yet to be Completed: In Phase I, the dewatering of the underground workings, surveying, washing the walls, sampling and mapping geologically remains to be completed. Some additional equipment remains to be purchased, a magnetometer survey will be conducted and some 2,300 more feet of diamond drilling will be undertaken.

Budget: The original \$100,000 budget has been expanded to \$114,500 due to the inclusion of additional work. More than \$100,000 of this budget has already been spent.

## PHASE II

Objectives: To further develop the underground workings of the known copper deposits E, X, Y and Z, by drifts, crosscuts, shaft sinking and diamond drilling. Another objective is to determine the limits and shape of the mineral bodies in order that a satisfactory estimate of tonnage and grade can be calculated. From this data a system of mining will be planned.

Programme: Sinking of Shafts 5 and 4 a further 100 feet each to a total depth of 230 feet, 1,500 feet of linear drifting and crosscutting from the 130 and 230 foot level, 4,000 feet of diamond drilling, an IP geophysical survey and construction of essential buildings. This programme, which is a natural continuation and expansion of Phase I, is scheduled for completion by September, 1967.

Budget: The projected cost of Phase II is \$203,463.

## PHASE II-A

Objectives: To explore and develop the two new anomalies and their extensions.





Programme: Some 4,500 feet of diamond drilling and 1,700 feet of underground development.

Progress: The two new anomalies have been designated "F" and "G". The first diamond drill test of these finds consisted of three holes which probed the weak extensions of the anomalies. Copper mineralization was found in two of these holes in the weak extensions of the anomalies in several scattered sections with mineralized core lengths ranging up to 22 feet and assay values between 1% and 2.5% copper.

A fourth hole - 90/4850 - is currently drilling below 292 feet in the main "G" anomaly. This hole has encountered strong mineralization with good grades of copper indicated by visual estimates. Details of this hole were received in the following cable from the mine manager:

"HOLE BH 90/4850 STOP 45 DEGREES STOP 95 FEET TO 121 FEET SECTIONS BLANK SECTIONS  $\frac{1}{2}$  TO 1 PERCENT STOP 121 FEET TO 123 $\frac{1}{2}$  FEET 2 PERCENT STOP 123 $\frac{1}{2}$  TO 126 FEET 5 PERCENT STOP 126 TO 136 FEET 2 TO 3 PERCENT STOP 136 FEET TO 150 FEET 1 PERCENT STOP 150 TO 187 FEET 4 PERCENT STOP 187 TO 194 FEET 1 TO 2 PERCENT STOP 194 TO 217 FEET TRACES TO 1 PERCENT STOP 217 FEET TO 233 FEET 3 PERCENT 233 FEET TO 240 FEET 1 PERCENT STOP TOTAL DEPTH TODAY THURSDAY 16 FEBRUARY 240 FEET".

Subsequent communications indicate visual estimated grades as follows: 240-248 feet - zero; 248-255 feet - 2.5%; 255-266 feet - zero; 266-271 feet -1%; 271-292 feet - 0.5%.

A fifth hole - 84/5150 - intended to test the deeper levels of anomaly "F" is currently drilling below 220 feet with the anticipated interception of mineralization between 400 and 500 feet.

Further results from these holes and confirmed assay values are expected to be available shortly.

Budget: Projected cost of this Phase is \$106,175.

### PHASE III

This section of the programme will be aimed at the preparation of the underground and surface for production and the construction of a mill. The work will consist of engineering and metallurgical studies related to mill design and costs and the economics of the mining operation. The initial budget has been set at \$25,000.





TOTAL BUDGET

The anticipated cost of the programme now planned can be summarized as follows:

<u>PHASE</u>	<u>BUDGET</u>
I	\$ 114,500.
II	203,463.
II-A	106,175.
III	25,000.
	<hr/>
Total Budget	\$ 449,138.
Already Spent:	100,000.
	<hr/>
	\$ 349,138.
	<hr/> <hr/>

The Carbec management continues to actively pursue the programme detailed above.

CARBEC MINES LIMITED

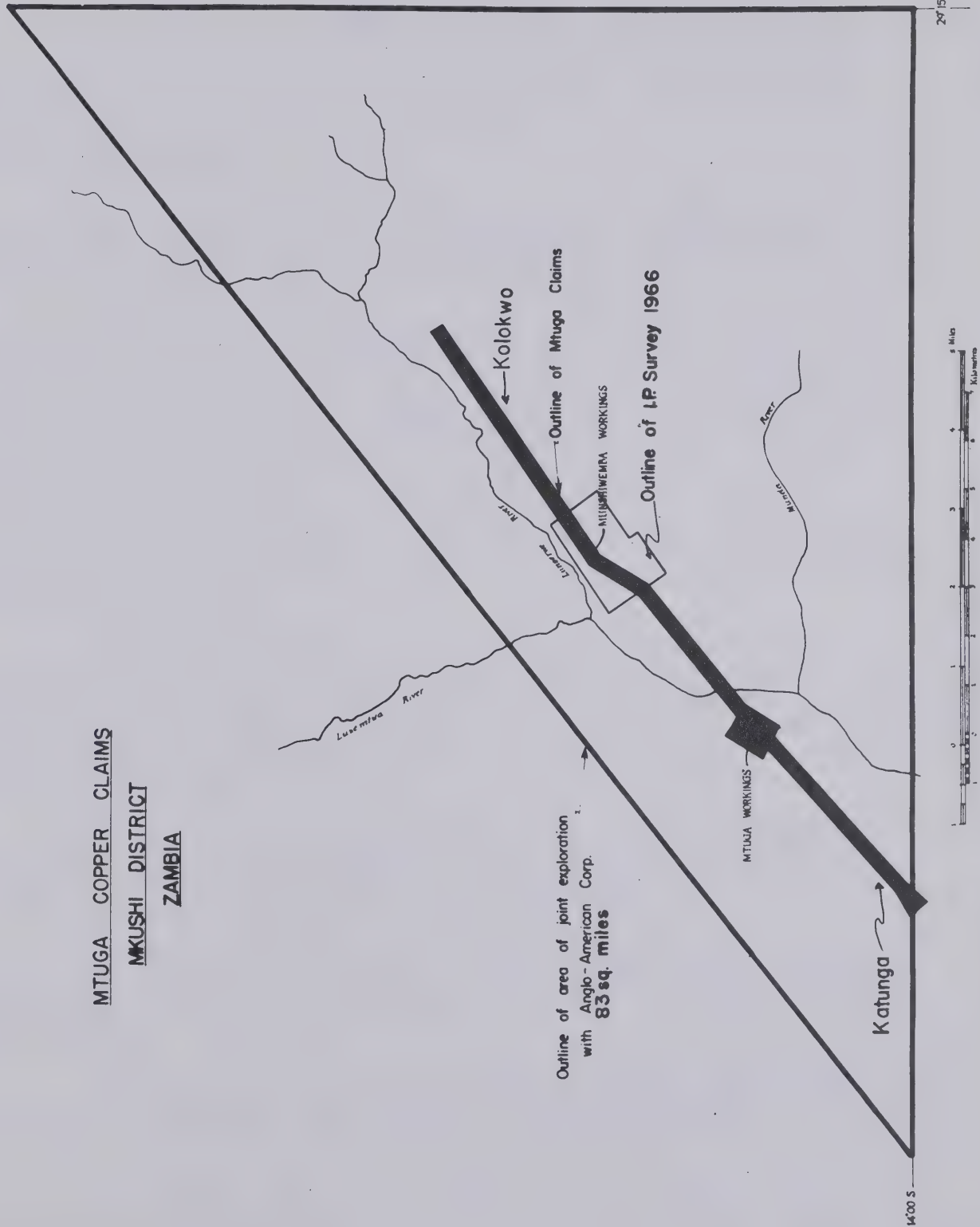




MTUGA COPPER CLAIMS

MKUSHI DISTRICT

ZAMBIA





AR19

*File 98*

CARBEC MINES LIMITED

*(No Personal Liability)*

SUITE 1200

1255 UNIVERSITY STREET

MONTREAL 2, P.Q.

May 29, 1967

TO THE SHAREHOLDERS:

Since the annual meeting of April 24, 1967 -- your company has continued to make progress in exploration at the Mkushi Copper Mines Limited property in Zambia.

In the "E" mineralized zone, a preliminary geological sketch map of the 130-foot level at the No. 5 shaft has been completed. This map indicates that the outlines of the mineralized zone have not yet been reached in all headings; considerable drifting and crosscutting will be required at this level to define the limits and grade of the zone. At this time, the mineralization has been opened up over a length of 150 feet and a width of more than 50 feet. Channel samples will be cut shortly for assaying. Dynamite has been delivered to the site, this being the final requirement before starting crosscutting and drifting, which should now be underway.

In order to determine the tonnage and grade of the "E" mineralized zone, one drilling rig has been employed in this immediate area, and has now completed seven short holes, the results of which are appended to this report. Underground diamond drilling in this zone should commence shortly as an underground machine has recently been obtained.

The workings in the old "X", "Y" and "Z" zones have now been completely dewatered to the 50-foot level and should be opened soon. These workings are now under preliminary geological investigation and sampling.

Another drilling rig is being used to determine the potential of the new "F" and "G" mineralized zones. Results of further holes drilled in this area are also appended to this report.

BH 91/4900 which was carried to a depth of 290 feet without encountering any copper values appears to have passed over the top of the mineralization in the "G" zone.

BH 90/5050 was drilled into the "G" anomaly while all





other holes, other than those drilled into the "E" zone, were tests of the "F" anomaly.

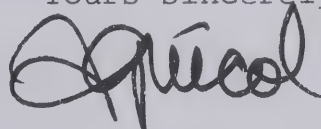
Trenching is in progress on Line 88/5250 - 5275. Trenching is now at a depth of 15 feet. No assays are yet available. Trenching will be extended to the south from the present location. Also, trenching is planned for 86/5250 and 90/5250.

Planned surface drilling will include completion of BH 9050/4850. The rig will then be moved to 89/4850 to drill north at an angle of 45 degrees, to a depth of approximately 250 feet. BH 90/4850 will also be extended. After all proposed holes on Line 88 are complete, the rig will be moved to drill sites on Line 86.

The Kaiser Canada engineer who visited the property in April has now returned to Canada, and an initial report is anticipated shortly.

All other aspects of the program are proceeding on schedule.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "L.G. Nicol". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

L.G. Nicol,  
President.





<u>DRILL HOLE</u>	<u>INTERSECTION</u>	<u>FOOTAGE</u>	<u>ASSAY TYPE</u>	<u>COPPER GRADE</u>	<u>METHOD OF COMMUNICATION</u>
E-5	75- 78	3	Actual	1.8	Cable Confirmed
	105-106	1	Actual	2.2	Cable Confirmed
E-6	72-77	5	Actual	2.4	Cable Confirmed
	79-82	3	Visual	3.0	Cable Confirmed
E-6A	54- 62	8	Actual	1.7	Cable Confirmed
	91- 95	4	Actual	1.1	Cable Confirmed
	140-149	9	Actual	2.1	Cable Confirmed
E-7	0-170	No Mineralization			Cable Confirmed
E-8	66- 94	28	Visual	3.0	Cable Confirmed
	97- 98	1	Visual	2.5	Cable Confirmed
	107-110	3	Visual	3.0	Cable Confirmed
	136-147	11	Visual	2.0	Cable Confirmed
E-9	82- 86	4	Visual	1.5	Cable
	87- 91	4	Actual	2.6	Cable
	102-106	4	Actual	1.4	Cable
	111-118	7	Actual	5.9	Cable
	122-127	5	Actual	1.1	Cable
E-10	102-104	2	Visual	2.0	Cable
	117-132	15	Visual	2.5	Cable
	155-182	27	Visual	2.0	Cable
	184-196	12	Visual	3.0	Cable
	201-205	4	Visual	0.5	Cable
82/5300	331-339	8	Actual	2.1	Cable Confirmed
	422-430	8	Actual	3.5	Cable
	432-435	3	Actual	3.0	Cable
	454-485	31	Actual	1.1	Cable Confirmed
	579-584	5	Actual	1.0	Cable Confirmed
	598-602	4	Visual	3.0	Cable
	622-623	1	Visual	1.0	Cable
84/5150	438-542	104	Traces		Drill Log
88/4850	369-374	5	Actual	4.7	Drill Log
	505-527	22	Actual	1.9	Drill Log
	660-661	1	Actual	2.4	Cable
	672-714	42	Actual	4.5	Drill Log



<u>DRILL HOLE</u>	<u>INTERSECTION</u>	<u>FOOTAGE</u>	<u>ASSAY TYPE</u>	<u>COPPER GRADE %</u>	<u>METHOD OF COMMUNICATION</u>
88/4950	198-203	5	Actual	2.1	Cable
	326-339	13	Actual	1.3	Cable
	346-360	14	Actual	1.8	Cable
	363-370	7	Actual	2.3	Cable
	380-382	2	Actual	3.3	Cable
	389-422	33	Actual	2.7	Cable
	435-471	36	Actual	2.1	Cable
	483-491	8	Actual	1.7	Cable
	536-550	14	Actual	3.5	Cable
	575-587	12	Actual	1.2	Cable
	623-629	6	Actual	4.7	Cable
90/5050	71- 81	10	Visual	1.8	Letter
	81-110	29	Visual	1.0	Letter
	125-176	51	Visual	3.0	Letter
	187-195	8	Visual	2.0	Letter
91/4900	0-290	No Mineralization			





AR19

## CARBEC MINES LIMITED

*(No Personal Liability)*

SUITE 1200

1255 UNIVERSITY STREET

MONTREAL 2, P.Q.

June 27, 1967

TO THE SHAREHOLDERS:

As mentioned in the Letter to Shareholders of May 29, 1967, a preliminary geological sketch map of the 130 foot level at the old #5 shaft in the "E" mineralized zone had been completed, and that channel samples were cut for assay. The assay results of chip sampling of the #5 shaft at the bottom of the 130 foot level have now been received from the Mkushi property in Zambia.

The shaft cross cut averaged 5.06% copper across a width of over 70 feet.

The cross cut 50 feet east of the shaft averaged 2.68% copper across a width of 30.3 feet.

The cross cut 50 feet west of the shaft averaged 4.78% copper across a width of 27.0 feet.

The drift on this level was not sampled but exposes mineralization similar to that in the cross cuts along a length of 140 feet. Both the east and west faces show good copper mineralization as do the faces of the east and west cross cuts.

Surface drilling suggests a possible minimum length of 300 feet for the "E" zone. It is now proposed to further explore the zone by underground development, and underground drilling is about to commence.

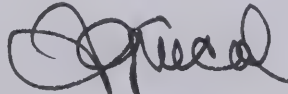
At the "X", "Y" and "Z" zones the 50 foot level has now been completely rehabilitated. Chip sampling will be underway shortly and the temporary headgear is now being constructed.

Work on the new anomalous zones designated "F" and "G" is proceeding with two diamond drills working continuously. Results from recent work is now being correlated and details of the progress should be available shortly.

Construction of staff quarters and other facilities on the surface is proceeding on schedule.

Further day-to-day progress will be conveyed to the shareholders through the press. Periodic detailed reports will be mailed to registered shareholders.

Yours sincerely,

L. G. Nicol  
President





AR19

CARBEC  
MINES  
LIMITED

*23rd Annual Report 1967*



# CARBEC MINES LIMITED

(No Personal Liability)

**Officers:** LONEY G. NICOL, Chairman and President . . . . . Montreal, Quebec  
ROGER SAYKALY, Vice-President . . . . . Montreal, Quebec  
PAUL LANGLAIS, Vice-President . . . . . Montreal, Quebec  
AUBREY K. SCHWARTZ, C.A., Secretary-Treasurer . . . Montreal, Quebec

**Directors:** LONEY G. NICOL . . . . . Montreal, Quebec  
PAUL LANGLAIS . . . . . Montreal, Quebec  
GEORGE MANIATIS . . . . . Saint John, N.B.  
ROGER SAYKALY . . . . . Montreal, Quebec  
GEORGE A. BEY . . . . . Montreal, Quebec

**Head Office:** SUITE 1200, 1255 UNIVERSITY STREET . . . . . Montreal, Quebec

**Exec. Office:** SUITE 1402, 800 DORCHESTER BLVD. W. . . . . Montreal, Quebec

**Transfer  
Agent and  
Registrar:**

CANADA PERMANENT TRUST COMPANY . . . . . Montreal, Quebec

**Auditors:** CAMPBELL, SHARP, MILNE & CO. . . . . Montreal, Quebec

**Solicitors:** BOISVERT & PICKEL . . . . . Montreal, Quebec

**Bankers:** THE ROYAL BANK OF CANADA . . . . . Montreal, Quebec

**Listing:** CANADIAN STOCK EXCHANGE — TICKER SYMBOL — CRC





# CARBEC MINES LIMITED

(No Personal Liability)

## REPORT BY THE DIRECTORS

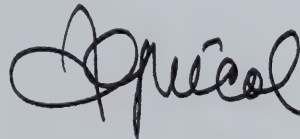
During 1967 your company has directed an extensive exploration programme on the property in Zambia held under option by Mkushi Copper Mines Limited, in which your company has a 50% interest. The programme included diamond drilling of some 21,000 feet. This effort resulted in the completion of the preliminary feasibility report, a summary of which has already been made available to the shareholders.

During July 1967 your company negotiated the acquisition of the New Ross property in Nova Scotia and proceeded immediately to cause the formation of Edgehill Mines Limited, a wholly owned subsidiary of your company to which the New Ross property was transferred. Geophysical work has already been conducted on the property and a preliminary report has been prepared on the basis of which drilling targets have been established.

The financial position of your company as at 31st., December 1967 is reflected in the attached financial statements.

April 15, 1968

On Behalf of the Board,

A handwritten signature in black ink, appearing to read 'Loney G. Nicol', written in a cursive style.

LONEY G. NICOL,  
*President.*

## **AUDITORS' REPORT**

To the Shareholders,

### **CARBEC MINES LIMITED**

(No Personal Liability).

We have examined the balance sheet of Carbec Mines Limited (No Personal Liability) as at December 31, 1967 and the statement of deficit for the year ended on that date and have obtained all the information and explanations we have required.

In our opinion, subject to the above and according to the best of our information and the explanations given to us, and as shown by the books of the company, the accompanying balance sheet and the related statement of deficit are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1967 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CAMPBELL, SHARP, MILNE & CO.

Chartered Accountants.

Montreal, February 6, 1968.

# CARBEC MINES LIMITED

(No Personal Liability)

## BALANCE SHEET

AS AT DECEMBER 31, 1967

### ASSETS

#### CURRENT ASSETS

Cash . . . . .	130,612.04
Accounts receivable . . . . .	1,215.66
Prepaid expenses . . . . .	853.03
Deposits . . . . .	1,075.00
Advance to Ambec Company (at nominal value) . . . . .	<u>1.00</u>

133,756.73

#### INVESTMENT IN AND ADVANCES TO SUBSIDIARY — Note 1

Edgehill Mines Ltd.	
Investment . . . . .	8,000.00
Advances . . . . .	<u>20,994.96</u>

28,994.96

#### INVESTMENTS AND ADVANCES — Note 1

	<u>Investments at cost</u>	<u>Advances</u>	
Mkushi Copper Mines Ltd. . . . .	75,000.00	237,615.33	312,615.33
Other . . . . .	1.00	—	<u>1.00</u>
	<u>\$75,001.00</u>	<u>\$237,615.33</u>	312,616.33

#### FIXED ASSETS

Office furniture . . . . .	10,005.94
Automobile . . . . .	<u>637.11</u>

10,643.05

\$486,011.07

#### ON BEHALF OF THE BOARD

L. G. NICOL, *Director*.  
R. SAYKALY, *Director*.

### LIABILITIES

#### CURRENT LIABILITIES

Accounts payable . . . . .	38,942.53
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#### SHAREHOLDERS' EQUITY — Note 2

##### CAPITAL STOCK — par value \$1.00 per share

Authorized — 5,000,000 shares

Issued and fully paid in consideration for

	<u>Number of shares</u>	<u>Par value</u>	<u>Discount on shares</u>	<u>Net</u>
Cash . . . . .	2,430,003	2,430,003	1,662,750	767,253.00
Mining claims . . . . .	1,000,000	1,000,000	950,000	50,000.00
	<u>3,430,003</u>	<u>3,430,003</u>	<u>2,612,750</u>	817,253.00

DEFICIT — per statement attached . . . . .	<u>370,184.46</u>
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447,068.54

\$486,011.07

The accompanying notes form an integral part  
of the financial statements.

# CARBEC MINES LIMITED

(No Personal Liability)

## STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1967

	Balance December 31, 1966	1967	Balance December 31, 1967
COST OF CLAIMS ABANDONED OR SOLD .	74,706.12	—	74,706.12
EXPLORATION AND DEVELOPMENT EXPENDITURES . . . . .	166,674.60	14,549.85	181,224.45
ORGANIZATION EXPENSES . . . . .	1,170.50	—	1,170.50
REDUCTION OF CARRYING VALUE OF INVESTMENTS TO THEIR MARKET VALUE . . . . .	8,066.50	—	8,066.50
ADVANCE TO AMBEC COMPANY WRITTEN OFF AS IRRECOVERABLE . .	—	32,788.73	32,788.73
ADMINISTRATIVE EXPENSES			
Legal and audit . . . . .	17,988.12	12,209.10	30,197.22
Stock registration and transfer expenses . . .	9,000.82	5,502.87	14,503.69
General administrative expenses . . . . .	46,622.69	32,124.04	78,746.73
	<u>324,229.35</u>	<u>97,174.59</u>	<u>421,403.94</u>
DEDUCT:			
Gain (loss) on sale of investments . . . . .	16,132.56	(1,190.93)	14,941.63
Investment and other income . . . . .	32,126.08	4,151.77	36,277.85
	<u>48,258.64</u>	<u>2,960.84</u>	<u>51,219.48</u>
	<u>\$275,970.71</u>	<u>\$94,213.75</u>	<u>\$370,184.46</u>

The accompanying notes form an integral part of the financial statements.



# CARBEC MINES LIMITED

(No Personal Liability)

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1967

NOTE 1 — All investments are shown at cost. There was no quoted market values available.

The investment in Mkushi Copper Mines Ltd. of Zambia represents a 50% interest in that company. A Canadian syndicate, which owns the remaining 50% of Mkushi Copper Mines Ltd., has advanced \$175,000 to that company, and is committed to advance a further amount of \$74,250.

Mkushi Copper Mines Ltd. holds an option, exercisable on or before August 17, 1968, to purchase mineral rights on property which is currently being explored in Zambia, Africa. The exercise of this option provides for an immediate payment of 100,000 Rands (South African currency) and an additional amount of 100,000 Rands payable in two equal instalments on February 17, 1969 and February 17, 1970, with interest at 6% per annum. As at December 31, 1967 the rate of exchange of a Rand was \$1.50 Canadian currency.

The investment in Edgehill Mines Ltd. represents a 100% interest in that company, which holds approximately 29 square miles of Manganiferous claims in Nova Scotia.

The advances to Mkushi Copper Mines Ltd. and Edgehill Mines Ltd. have been made to cover expenditures occasioned by the exploration and development of their respective properties. Recovery of these advances is contingent on the companies' going into successful commercial production.

NOTE 2 — Of the 3,430,003 issued shares, 1,000,000 shares are held in escrow by The Eastern and Chartered Trust Company.

On February 14, 1967 the company was granted Supplementary Letters Patent increasing the authorized capital stock by 2,000,000 common shares of \$1.00 par value. Since that date 300,000 shares were issued for \$270,000 and 150,000 shares for \$172,500. The net discount of \$7,500 has been added to discount on shares.

NOTE 3 — Subsequent to December 31, 1967 the company has advanced a further amount of \$31,000 to Mkushi Copper Mines Ltd.

NOTE 4 — The monthly rentals, exclusive of additional amounts based on taxes and other occupancy charges under leases in effect at December 31, 1967 for each of the periods shown are as follows:

January 1, 1968 to July 31, 1971	\$1,128.00
August 1, 1971 to April 30, 1977	\$ 826.00

The company has the right to sublet the premises covered by the aforementioned leases provided that prior approval is received from the lessor.

A portion of the monthly rentals is currently recovered from other affiliated companies to the extent of \$517.00.





